



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
07/16/2026

Taxpayer ID number:

Person to contact:

Name:

ID number:

Telephone:

Release Number: 202641016

Release Date: 10/9/26

LEGEND

U = number

V = number range

W = program

x dollars = dollar amount

UIL: 4945.04-04

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code (IRC) Section 4945(g)(3).

This approval is required because IRC Section 4945 provides for the imposition of taxes on each taxable expenditure of a private foundation. IRC Section 4945(d)(3) provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or similar purposes by the individual, unless the grant satisfies the advance approval requirement of IRC Section 4945(g).

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter indicates you will operate a grant program to remove financial barriers for amateur athletes to enable them to pursue their athletic development while simultaneously continuing their formal education. Your grants will be open to youths aged to worldwide and may be applied toward the costs of essential and specific athletic needs, such as tournament fees, training camps, coaching, nutrition, and other approved expenses directly related to their athletic pursuits.

You will publicize your program through social media notifications and on your website. The initial number of awards will be approximately V grants each year worth up to x dollars each, and you anticipate your initial cohort will award approximately U grants over a three-year period. However, this number may change for future cohorts depending on the success of the initial cohort.

To be eligible for your program, applicants must:

- Be between the ages of - years old at the time of applying;
- Participate in any organized informal sport including basketball, soccer, fencing, wrestling, martial arts, skateboarding, surfing, and others at the school, club, or regional level;
- Be from underrepresented communities worldwide and face significant barriers threatening their participation in sports, including the inability to afford equipment, training, travel, or medical care; economic hardship; limited access to coaching, facilities, or competitions; physical, social, or cultural challenges; or living in conflict zones.

Individuals will be ineligible to apply if they have commercial sponsorships, professional contracts, substantial personal wealth, or relatives who are celebrities, athletes, directors, or major donors. Additionally, relatives of members of your selection committee, or of your officers, directors, or substantial contributors, will not be eligible.

Eligible applicants must submit a complete application through the online portal on your website that includes an academic transcript, financial need documentation, personal statement, one written and/or video introduction, recommendation letters from coaches, teachers, or community leaders, and parental/guardian consent.

Applications will be screened for eligibility and completeness. After the initial screening, your selection committee will review applications using four equally weighted categories: creativity and innovation; determination and grit; overcoming barriers; and future potential. Within these four categories, your committee will rank applicants using the following selection criteria:

- **Demonstrated Talent:** Promise shown through local or regional competition.
- **Financial Need:** Real-world barriers that put their athletic future at risk.
- **Character and Commitment:** A clear willingness to put in the work, even when no one is watching.
- **Potential for Growth:** The belief that access could unlock something extraordinary.
- **Academic Performance:** Ability to manage both sports and academic performance.

Financial need is one factor you will consider in your selection criteria related to overcoming barriers. To evaluate this criterion, you will request data on applicants' family income and size and apply this information to average ranges of income levels specific to each country. If you award grants to youths residing in foreign countries, you will comply with all Office of Foreign Assets Control requirements and follow all applicable statutes, regulations, and executive orders related to it.

To qualify for renewal of a grant, recipients must complete an application providing information on their need for assistance to further their participation and training in their sport of choice. They must demonstrate financial need, satisfactory academic achievement, provide approval of a guardian to apply and receive awards, and demonstrate a commitment to continuous improvement of their athletic abilities through regular practice schedules, participation in amateur tournaments, and/or participation in organized amateur teams.

Grants will be payable in the form of cash awards. To ensure funds are used as intended, recipients will provide you with original receipts and detailed reports on how funds were used, as well as a report on the impact of the award. Participation in the W, which will feature athletes' journeys on your website, social platforms, and future initiatives is encouraged for your recipients but optional and will require additional parent/guardian consent.

Prior to disbursing grants, each recipient will create a line-item budget for the allocated grant amount they receive that will be approved by you. Each line item will require a description of the expense and its relevance to their athletic pursuits. For travel, a detailed itinerary will be required, including all air travel and overnight stays. Recipients will be required to keep all original and itemized receipts. After you approve the budget, you will process payment for grants in two installments.

Before receiving the second installment, there will be a check-on call set up with each recipient to discuss their progress and confirm they have the necessary support for all expenses incurred. If you determine the recipient is still in good standing with the program after the check-in call and the support looks complete, they will receive the second portion of the installment.

If the recipient is unable to provide adequate and timely support for expenses, they will be required to pay back the portion within 90 days after being notified. If they don't pay back or respond to the request, an IRS Form 1099 will be issued to the recipient's parent or guardian. Payment plans can be available to satisfy the request and maintain eligibility for the program. If terms of the program are violated, all rights and benefits of the program will be withdrawn from the recipient. All expenses will be reviewed for verification, and determination will be made for reimbursement for violation of policy.

You represent that you will complete the following:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded,
- Investigate diversion of funds from their intended purposes,
- Take all reasonable and appropriate steps to recover the diverted funds and ensure other grant funds held by a grantee are used for their intended purposes, and
- Withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You also represent that you will:

- Maintain all records relating to individual grants including information obtained to evaluate grantees,
- Identify a grantee is a disqualified person,
- Establish the amount and purpose of each grant, and
- Establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

IRC Section 4945 imposes excise taxes on the taxable expenditures of private foundations. A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study or other similar purposes. However, a grant that meets all the following requirements of IRC Section 4945(g) is not a taxable expenditure.

- The foundation awards the grants on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of IRC Section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulation Section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the IRS at:

Internal Revenue Service
Exempt Organizations Determinations
TE/GE Stop 31A Team 105
P.O. Box 12192
Covington, KY 41012-0192

- You can't award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with IRC Section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. We've enclosed Letter 437, Notice of Intention to Disclose - Rulings, and a copy of the letter that shows our proposed deletions.

- If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.
- If you agree with our deletions, you don't need to take any further action.

Please keep a copy of this letter in your records.

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437